

## Message Text

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TO SECSTATE WASHDC IMMEDIATE 8266

C O N F I D E N T I A L CARACAS 3652

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E.O. 11652: GDS

TAGS: PFOR, VE, OTRA

SUBJ: SECSTATE VISIT: CATALOGUE OF VENEZUELAN POSITIONS

DURING LUERS/EINAUDI VISIT

1. CENTRAL POSITIONS: A) FOREIGN MINISTER WANTS TO IDENTIFY ISSUES ON WHICH WE DISAGREE; WAS RECEPTIVE TO PURSUING BILATERAL DISCUSSION OF COMMON INTEREST AND BILATERAL COOPERATION IN SUCH FIELDS AS AGRICULTURE, EDUCATION AND CULTURE AND SECRETARY MORTON'S OFFER AT BOSTON SYMPOSIUM FOR VENEZUELAN TO SHARE IN U.S. EXPERTISE IN NON-PETROLEUM TECHNOLOGY.

B) FINANCE MINISTER HURTADO SAID THAT CENTRAL ISSUE WAS PRODUCER/CUNSUMER CONFERENCE. IF U.S. WAS NOT SUBSTANTIALLY MORE FORTHCOMING THAN IN PAST, OUR BILATERAL EFFORTS TO IMPROVE RELATIONS COULD BE ADVERSELY AFFECTED.

C) MINISTER OF FINANCE HURTADO EXPRESSED CONCERN ABOUT THE ONEROUS CONDITIONS THAT MAY BE PLACED ON THE IMF PETROLEUM FACILITY TO WHICH VENEZUELA HAS COMMITTED AN ADDITIONAL TWO MILLION DOLLARS. DEVELOPING COUNTRIES ARE REACTING AGAINST SUCH CONDITIONS WHICH WOULD BE SIMILAR TO STAND-BY CONDITIONS APPLIED BY THE IMF IN THE PAST.

D) MINISTER OF MINES HERNANDEZ FLOATED THE IDEA OF A GOVERNMENT-TO-GOVERNMENT PERTROLEUM AGREEMENT TO FACILITATE SERVICING OF U.S. MARKET AFTER NATIONALIZATION AND TO EASE THE TRANSFER OF ON-GOING PETROLEUM TECHNOLOGY.

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E) HERNANDEZ STATED THAT WHILE NATIONALIZATION WOULD BE

CARRIED OUT FAIRLY AND NO DIFFICULTIES WERE EXPECTED, GOV WISHED TO BE IN A POSITION TO EXPLAIN TO USG AND TO SEEK USG UNDERSTANDING AND ASSISTANCE IN THE EVENT NEGOTIATIONS WITH U.S. PETROLEUM COMPANIES BOGGED DOWN.

F) FOREIGN MINISTRY WORK GROUP, ATTENDED BY SENIOR OFFICIALS OF THAT MINISTRY, MINISTRY OF MINES AND FOREIGN TRADE INSTITUTE, WHILE DISCUSSING THE NEED FOR STRENGTHENING U.S. BILATERAL RELATIONS AND COLLABORATION, INSISTED ON THE IMPORTANCE THEY ATTACHED TO THE IMPACT OF MULTILATERAL RELATIONS. THE GROUP STATED THAT IN DISCUSSIONS WITH THE SECRETARY, THE VENEZUELANS WILL USE THE DECLARATION OF ALGIERS AS THE CENTRAL POINT OF REFERENCE. REFERENCE WAS ALSO MADE TO US/VENEZUELAN DIFFERENCES ARISING OUT OF RECENT UN IDO MEETING IN LIMA.

G) THE WORK GROUP SUGGESTED THAT THE SECRETARY DISCUSS THE INTERNATIONAL MONETARY SITUATION, ENERGY, TRANSFER OF TECHNOLOGY, FOOD AND RAW MATERIALS AND THE RESULTS OF THE PREPARATORY MEETING IN PARIS FOR THE CONSUMER/PRODUCER CONFERENCE.

H) AS A SPECIFIC AREA FOR U.S./VENEZUELAN COLLABORATION, THE WORKING GROUP SUGGESTED JOINT FINANCING OF FERTILIZER PLANTS IN LDCS FOR THE SALE OF FERTILIZER AT COST.

I) THE WORK GROUP EXPRESSED INTEREST IN SECRETARY MORTIN'S OFFER AT THE BOSTON SYMPOSIUM BUT THE VICE MINISTER OF MINES WONDERED OUT LOUD WHETHER VENEZUELA POSSESSED ENOUGH TRAINED PERSONNEL TO TAKE ADVANTAGE OF THE OFFER.

J) THE WORK GROUP BELIEVED THAT DEVELOPED COUNTRIES SHOULD COOPERATE WITH OIL-PRODUCING COUNTRIES IN ORDER TO REORIENT DEVELOPED AID PROGRAMS FOR THE LDCS. IT WAS AGREED THAT U.S./GOV WORK GROUPS COULD BE ESTABLISHED FOLLOWING THE SECRETARY'S VISIT TO EXPLORE THIS POSSIBLE AREA OF COLLABORATION.

K) ALL GROUPS EMPHASIZED THE IMPORTANCE OF THE PETROLEUM CRISIS, THE VENEZUELAN NATIONALIZATION OF THE PETROLEUM INDUSTRY AND THE TRADE ACT AS TOPICS FOR DISCUSSION.

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2. OTHER ISSUES: A) MAS LEADER JOSE VICENTE RANGEL WARNED THAT IF THE SECRETARY VISITED CHILE BEFORE COMING TO VENEZUELA, THIS COULD IMPACT UNFAVORABLY ON THE SUCCESS OF THE VISIT. THIS COULD IMPACT UNFAVORABLY ON THE SUCCESS OF THE VISIT. THIS SAME CONCERN WAS EXPRESSED BY THE PRESIDENT OF THE CHAMBER OF DEPUTIES AND OTHER TOP LEADERS OF THE COPEI PARTY. MINISTER OF INTERIOR LEPAGE EXPRESSED THE HOPE THAT THE SECRETARY VISIT VENEZUELA FIRST SINCE THIS WOULD AVOID THE INFLUENCE ON VENEZUELAN AGITATORS OF DEMONSTRATIONS IN OTHER COUNTRIES.

B) THE FOREIGN MINISTER SUGGESTED THAT THE PROTOCOLARY ASPECTS OF THE SECRETARY'S VISIT SHOULD BE CONCLUDED IN THE FIRST FEW HOURS AFTER ARRIVAL SO THAT THE VISIT COULD BE DEVOTED PRIMARILY TO INFORMAL DISCUSSIONS WITH THE PRESIDENT AND THE FOREIGN MINISTER.

C) THE FOREIGN MINISTER SUGGESTED THAT THE SECRETARY MEET WITH FORMER PRESIDENTS BETANCOURT AND CALDERA SEPARATELY, FOLLOWED BY A JOINT MEETING TOGETHER WITH OTHER POLITICAL LEADERS SUCH AS JOVITO VILLALBA.

D) THE FOREIGN MINISTER SAW NO NEED FOR A COMMUNIQUE FOR THE SAKE OF A "COMMUNIQUE".

E) THE FOREIGN MINISTRY WORK GROUP URGED THAT THE SECRETARY MEET WITH THE VENEZUELAN "ECONOMIC CABINET" PRIOR TO HIS EXTENDED MEETING WITH THE PRESIDENT AND FOREIGN MINISTER. IN VIEW OF THE LIMITED TIME OF THE VISIT, VARIOUS ALTERNATIVES WERE DISCUSSED TO SUCH A MEETING, INCLUDING AN EXCHANGE OF WORKING PAPERS PRIOR TO THE VISIT AND THE USE OF THE ON-GOING BILATERAL MEETINGS IN WASHINGTON.

F) THE WORK GROUP ALSO DISCUSSED THE POSSIBILITY OF THE SECRETARY MEETING WITH PROMINENT INTELLECTUALS, BUT THE DIFFICULTIES IN ARRANGING SUCH A MEETING WITH THE LIMITED TIME AVAILABLE WAS EMPHASIZED.

G) SECRETARY GENERAL SCHACHT SAID THAT HE WOULD ARRANGE FOR A TOP VENEZUELAN INTERPRETER FOR THE VISIT WITHOUT PREJUDICE TO THE PRESENCE OF A U.S. INTERPRETER.  
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